



UNITED STATES
POSTAL SERVICE

FINANCIAL & OPERATING STATEMENTS

Accounting Period 1, PFY 2002

September 8 - October 5, 2001

Prepared by: Financial Reporting and Analysis

Highlights
Accounting Period 1, FY 2002
(Millions)

	Year-to-Date					
	Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY
Total Revenue	\$ 5,070.8	\$ 5,380.8	[\$ - 310.0]	[- 5.8]	\$ 5,149.8	- 1.5
Total Expense	<u>5,024.8</u>	<u>5,137.6</u>	<u>- 112.8</u>	- 2.2	<u>4,953.5</u>	1.4
Income/(Loss)	\$ 46.0	\$ 243.2	[\$ - 197.2]	-	\$ 196.3	-
Capital Commitments	\$ 33.9	\$ 23.9	[\$ 10.0]	[41.8]	\$ 42.9	- 21.0
Total Work Hours	123.3	121.3	[2.0]	[1.7]	129.0	- 4.4
Mail Volume	15,921.2	16,846.3	[- 925.1]	[- 5.5]	17,039.9	- 6.6

[] = Unfavorable variance to budget

Note: Totals may not sum due to rounding.

Note: Mail Volume numbers are preliminary numbers and are subject to change.

*SPLY data may differ from previous reports due to subsequent adjustments.

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,871	27,873	27,876
Active Postal Owned Vehicles			
Administrative	5,593	5,612	5,667
Operations	203,161	202,706	199,798
Possible City Deliveries (000)	83,810	83,762	83,323
City Delivery Routes	167,606	171,222	168,064
Rural Routes	69,114	69,020	67,383
Career Employees (Excludes Inspector General)	773,822	775,192	786,348
Casual Employees	30,069	30,317	29,803
Transitional Employees	13,830	13,577	13,862

Statement of Income & Expense
Accounting Period 1, FY 2002
(\$ Millions)

	Year-to-Date					
	Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY
Operating Revenue	\$ 5,067.3	\$ 5,379.6	[\$ - 312.3]	[- 5.8]	\$ 5,146.8	- 1.5
Operating Expense	<u>4,873.5</u>	<u>4,992.8</u>	<u>- 119.3</u>	<u>- 2.4</u>	<u>4,803.9</u>	<u>1.4</u>
Income (Loss) From Operations	\$ 193.8	\$ 386.8	[\$ - 193.0]	-	\$ 342.9	-
Investment Income	3.5	1.2	2.3	191.7	3.0	16.9
Interest Expense	- 25.2	- 18.7	- 6.5	34.8	- 25.7	- 1.7
Interest on Deferred Ret. Liabilities	<u>- 126.1</u>	<u>- 126.1</u>	<u>0.0</u>	<u>0.0</u>	<u>- 123.9</u>	<u>1.8</u>
Income/(Loss)	\$ 46.0	\$ 243.2	[\$ - 197.2]	-	\$ 196.3	-

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

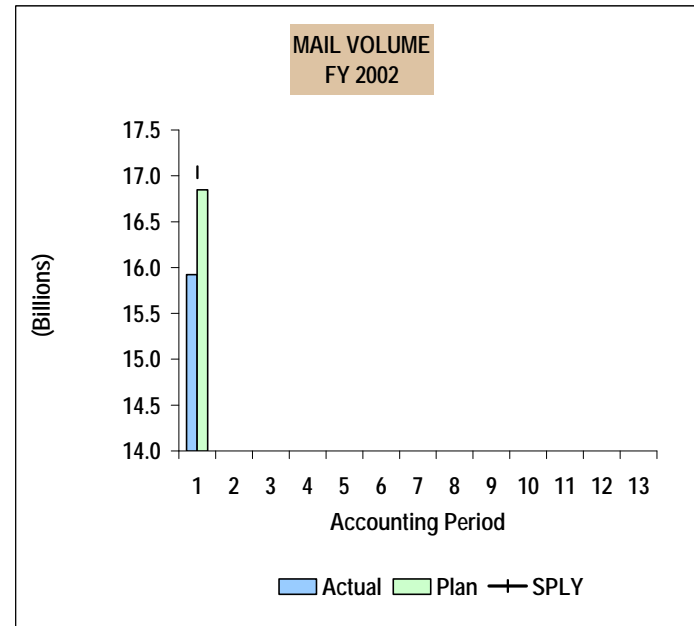
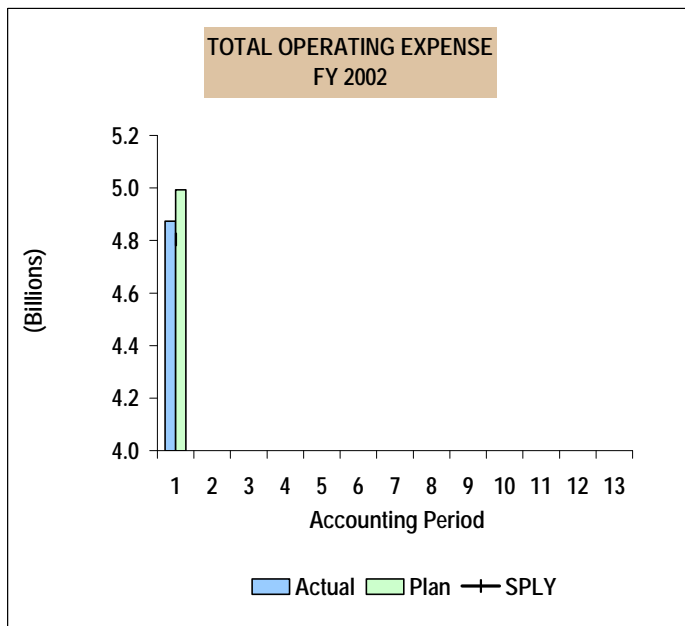
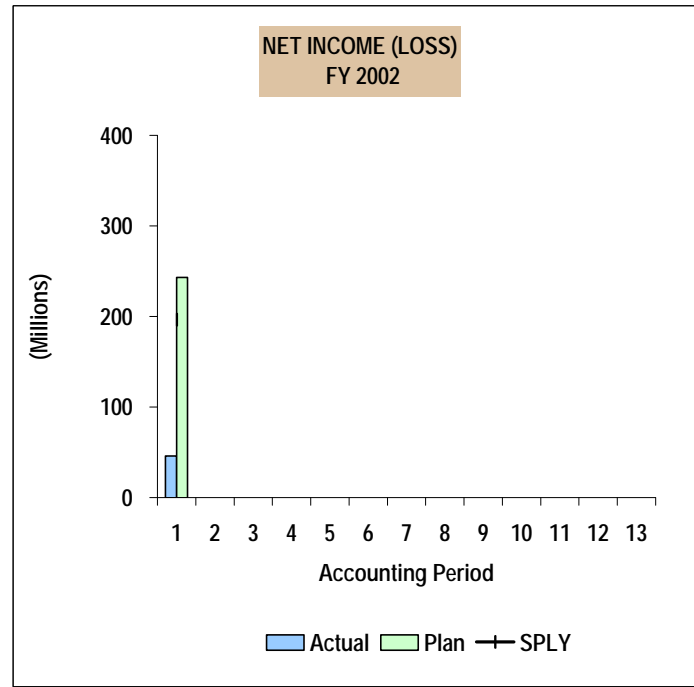
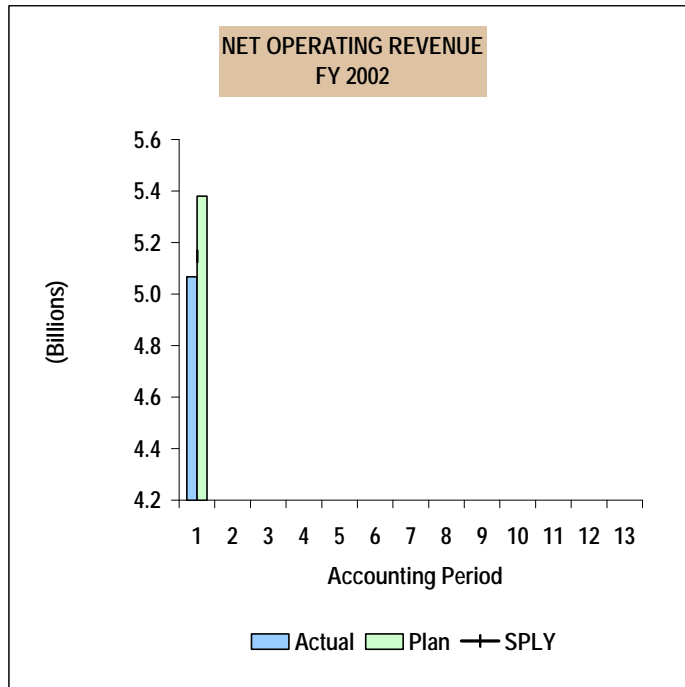
MAIL VOLUME - MAIL REVENUE

(Data in Thousands)

CATEGORY	CURRENT PERIOD		
	AP 01 FY 2002	AP 01 FY 2001	% CHANGE
FIRST-CLASS			
VOLUME	7,826,076	7,989,820	- 2.0
REVENUE	\$ 2,737,221	\$ 2,744,310	- 0.3
REV/PC.	0.3498	0.3435	1.8
PRIORITY-MAIL			
VOLUME	76,273	89,813	- 15.1
REVENUE	\$ 344,381	\$ 353,364	- 2.5
REV/PC.	4.5151	3.9344	14.8
EXPRESS MAIL			
VOLUME	4,269	5,497	- 22.3
REVENUE	\$ 62,138	\$ 76,625	- 18.9
REV/PC.	14.5556	13.9394	4.4
PERIODICALS			
VOLUME	716,705	747,646	- 4.1
REVENUE	\$ 166,181	\$ 161,899	2.6
REV/PC.	0.2319	0.2165	7.1
STANDARD MAIL			
VOLUME	7,106,790	7,982,249	- 11.0
REVENUE	\$ 1,282,077	\$ 1,342,669	- 4.5
REV/PC.	0.1804	0.1682	7.2
PACKAGE SERVICES			
VOLUME	82,574	85,304	- 3.2
REVENUE	\$ 156,693	\$ 150,425	4.2
REV/PC.	1.8976	1.7634	7.6
INTERNATIONAL			
VOLUME	73,578	103,245	- 28.7
REVENUE	\$ 115,502	\$ 138,692	- 16.7
REV/PC.	1.5698	1.3433	16.9
ALL OTHER			
VOLUME	34,922	36,347	- 3.9
REVENUE	\$ 98	\$ 110	- 11.0
ALL MAIL _1/			
VOLUME	15,921,187	17,039,920	- 6.6
REVENUE	\$ 4,864,292	\$ 4,968,095	- 2.1
REV/PC.	0.3055	0.2916	4.8

_ 1/ Totals may not sum due to rounding.

_2/ Numbers are preliminary and are subject to change.



*SPLY data may differ from previous reports due to subsequent adjustments.

REVENUE BY SOURCE
Accounting Period 1, FY 2002
(\$ Millions)

	Year-to-Date		
	Actual	SPLY	% SPLY
Operating Revenue:			
Metered Postage	\$ 1,912.1	\$ 1,950.7	- 2.0
Stamps and Stamped Paper	818.9	849.9	- 3.6
Permit Imprint	1,218.1	1,253.9	- 2.9
Periodicals & Standard	165.4	160.2	3.2
Official Mail	71.5	64.9	10.2
Presort First-Class & Package Svc./Permit Imprint	691.2	656.1	5.3
Box Rents *	51.1	52.8	- 3.2
Money Order Fees	15.6	14.6	6.8
Other	<u>119.7</u>	<u>138.6</u>	- 13.6
Subtotal	\$ 5,063.6	\$ 5,141.7	- 1.5
Government Appropriation:			
Revenue Forgone	<u>3.7</u>	<u>5.1</u>	- 27.5
Total Operating Revenue	\$ 5,067.3	\$ 5,146.8	- 1.5
Investment Income	<u>3.5</u>	<u>3.0</u>	16.9
Total Revenue	<u>\$ 5,070.8</u>	<u>\$ 5,149.8</u>	- 1.5

Note: Totals may not sum due to rounding.

*Beginning FY 2002, box rent revenue reporting has been modified.

REVENUE BY CATEGORY
Accounting Period 1, FY 2002
(\$ Millions)

	Year-to-Date		
	Actual	Budget	% Budget
Commercial Revenue			
Permit Revenue	\$ 2,121.7	\$ 2,258.4	[6.1]
Other Commercial Accounts Revenue	<u>1,756.5</u>	<u>1,880.2</u>	[6.6]
Total Commercial Revenue	\$ 3,878.2	\$ 4,138.6	[6.2]
Retail Revenue			
Retail Postage Revenue	961.8	990.4	[2.9]
Retail Services Revenue	71.5	69.3	3.2
Retail Products Revenue	8.9	8.1	10.5
Other Retail Channels Revenue	<u>116.7</u>	<u>127.9</u>	[8.8]
Total Retail Revenue *	\$ 1,158.9	\$ 1,195.7	[3.0]
Total Commercial & Retail Revenue	\$ 5,037.1	\$ 5,334.3	[5.6]
Other Income	26.5	41.6	[36.4]
Revenue Forgone	<u>3.7</u>	<u>3.7</u>	0.0
Total Operating Revenue	\$ 5,067.3	\$ 5,379.6	[5.8]
Investment Income	<u>3.5</u>	<u>1.2</u>	194.3
Total Revenue	\$ 5,070.8	\$ 5,380.8	[5.8]

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*Beginning FY 2002, box rent revenue reporting has been modified.

EXPENSE ANALYSIS
Accounting Period 1, FY 2002
(\$ Millions)

	Year-to-Date					
	Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY
Personnel Compensation	\$ 3,988.4	\$ 4,026.5	\$ - 38.1	- 0.9	\$ 3,957.6	0.8
Non-Personnel Expense:						
Transportation	378.3	374.3	[4.0]	[1.1]	330.9	14.3
Supplies & Services	105.3	200.8	- 95.5	- 47.6	135.5	- 22.3
Other	<u>401.5</u>	<u>391.2</u>	[<u>10.3</u>]	[2.6]	<u>379.9</u>	5.7
Subtotal	<u>\$ 885.1</u>	<u>\$ 966.4</u>	<u>\$ - 81.3</u>	- 8.4	<u>\$ 846.3</u>	4.6
Total Operating Expense	\$ 4,873.5	\$ 4,992.8	\$ - 119.3	- 2.4	\$ 4,803.9	1.4
Interest Expense	25.2	18.7	[6.5]	[34.8]	25.7	- 1.7
Interest on Deferred Ret. Liabilities	<u>126.1</u>	<u>126.1</u>	<u>0.0</u>	0.0	<u>123.9</u>	1.8
Total Expense	<u>\$ 5,024.8</u>	<u>\$ 5,137.6</u>	<u>\$ - 112.8</u>	- 2.2	<u>\$ 4,953.5</u>	1.4

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

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ANALYSIS OF OPERATING EXPENSES
Accounting Period 1, FY 2002
Personnel Compensation
(\$ Millions)

	Year-to-Date					
	Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY
<u>Total Compensation</u>						
Operations:						
-Support	\$ 27.1	\$ 27.6	\$ - 0.5	- 1.8	\$ 27.4	- 1.1
-Mail Processing	857.6	851.8	[5.8]	[0.7]	901.4	- 4.9
-Rural Delivery	321.5	322.4	- 0.8	- 0.3	315.4	2.0
-Other Delivery	1,142.2	1,129.8	[12.3]	[1.1]	1,116.1	2.3
-Vehicles Services	80.9	81.1	- 0.2	- 0.2	80.1	1.0
-Plant & Equip Maint	199.0	202.5	- 3.4	- 1.7	199.1	- 0.0
-Customer Services	567.1	558.6	[8.5]	[1.5]	596.9	- 5.0
Controller	20.7	23.1	- 2.4	- 10.6	23.7	- 12.8
Human Resources	25.4	26.3	- 0.9	- 3.4	25.6	- 0.9
Customer Service & Sales	32.6	34.4	- 1.8	- 5.3	33.7	- 3.4
Administration	166.7	165.0	[1.8]	[1.1]	164.6	1.3
Other Salaries & Benefits	139.7	195.7	- 56.0	- 28.6	144.8	- 3.5
Total Salaries & Benefits	\$ 3,580.5	\$ 3,618.2	\$ - 37.7	- 1.0	\$ 3,628.8	- 1.3
Workers' Compensation	78.5	78.5	- 0.0	- 0.0	63.0	24.6
Unemployment Compensation	4.8	4.8	[0.0]	[0.1]	4.7	3.0
Deferred Retirement Cost	107.9	107.9	0.0	0.0	107.4	0.5
CSRS Annuitant COLA	69.3	69.3	0.0	0.0	61.3	13.1
Annuitant Health Benefits	80.5	80.5	0.0	0.0	66.3	21.3
Other Compensation	66.9	67.2	- 0.3	- 0.5	26.2	155.0
Total Personnel Compensation	\$ 3,988.4	\$ 4,026.5	\$ - 38.1	- 0.9	\$ 3,957.6	0.8

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

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ANALYSIS OF NON-PERSONNEL EXPENSES
Accounting Period 1, FY 2002
(\$ Millions)

<u>Description</u>	Year-to-Date					
	Actual	Budget	Var. to		SPLY *	% SPLY
			Budget	% Budget		
Transportation	\$ 378.3	\$ 374.3	[\$ 4.1]	[1.1]	\$ 330.9	14.3
Supplies & Services	105.3	200.8	- 95.5	- 47.5	135.5	- 22.3
Depreciation	170.7	170.7	0.0	0.0	166.1	2.8
Rent	72.9	68.4	[4.5]	[6.5]	50.6	43.9
Fuel & Utilities	25.5	29.3	- 3.9	- 13.2	19.7	29.4
Rural Carrier Equip Maint Allowance	32.0	31.1	[1.0]	[3.1]	30.5	5.0
Vehicle Maintenance	28.5	28.0	[0.4]	[1.5]	24.7	15.4
Information Technology	7.0	1.3	[5.7]	[439.7]	9.2	- 23.4
Building Projects Expensed	12.7	11.5	[1.2]	[10.9]	9.4	36.2
Contract Job Cleaners	5.0	4.9	[0.0]	[1.0]	4.7	6.1
Travel & Relocation	10.3	5.1	[5.3]	[104.3]	8.2	26.6
Communications	3.2	7.0	- 3.7	- 53.3	4.5	- 27.7
Contract Stations	6.1	6.1	- 0.1	- 1.0	6.4	- 5.9
Printing	0.3	0.6	- 0.3	- 48.3	0.3	17.6
Training	3.9	3.9	[0.0]	[0.0]	4.0	- 1.9
Carfare & Tolls	4.3	4.6	- 0.3	- 7.4	3.5	23.0
Vehicle Hire	2.5	3.1	- 0.6	- 20.2	1.7	47.7
Accident Cost	3.1	2.6	[0.5]	[19.6]	2.1	43.9
Capitalized Interest	- 4.5	- 3.4	- 1.1	- 32.4	- 5.5	18.0
Miscellaneous	18.0	16.4	[1.7]	[10.2]	39.9	- 54.8
Total Other Operating Expenses	\$ 885.1	\$ 966.4	\$ - 81.3	- 8.4	\$ 846.3	4.6

[]=Unfavorable variance to budget

* SPLY data has been recast.

*SPLY data may differ from previous reports due to subsequent adjustments.

STATEMENT OF FINANCIAL POSITION		
Accounting Period 1, FY 2002		
(\$ Millions)		
Assets	October 5, 2001	September 30, 2001 *
Current Assets:		
Cash and cash equivalents _1/	\$ 269	\$ 999
U.S. Government securities, at amortized cost which approximates market	6	6
Receivables:		
Foreign countries	382	379
U.S. Government	100	133
Other	<u>198</u>	<u>206</u>
	680	718
Less allowances	<u>112</u>	<u>110</u>
	568	608
Supplies, advances and prepayments	<u>315</u>	<u>320</u>
Total Current Assets	1,158	1,933
Other assets _2/	372	372
Property and equipment, at cost:		
Buildings	18,907	18,808
Equipment	15,496	15,456
Land	<u>2,708</u>	<u>2,684</u>
	37,111	36,948
Less allowances for depreciation	<u>14,812</u>	<u>14,792</u>
	22,299	22,156
Construction in progress	1,991	1,969
Leasehold improvements, net	<u>650</u>	<u>638</u>
	24,940	24,763
Deferred Retirement Costs _3/	<u>34,706</u>	<u>32,023</u>
Total Assets	\$ 61,176	\$ 59,091

_1/ Includes securities with maturities of 90 days or less in accordance with Statement of Financial Accounting Standards (SFAS) No. 95.

_2/ Includes \$370 million as of October 5, 2001, and \$370 million as of September 30, 2001 for appropriation receivable for revenue forgone.

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data

STATEMENT OF FINANCIAL POSITION		
Accounting Period 1, FY 2002		
(\$ Millions)		
Liabilities and Equities	October 5, 2001	September 30, 2001*
Current Liabilities:		
Compensation and employees' benefits	\$ 5,388	\$ 5,810
Estimated prepaid postage	1,623	1,623
Payables and accrued expenses:		
Foreign countries	512	499
U.S. Government	163	151
Other	2,692	956
	<u>3,367</u>	<u>1,606</u>
Appropriation for free & reduced rate mail	48	0
Prepaid permit mail and box rentals	1,561	1,866
Outstanding postal money orders	986	988
Current portion of debt	<u>4,183</u>	<u>5,564</u>
Total Current Liabilities	17,156	17,457
Long-term debt, less current portion	5,751	5,751
Other Liabilities:		
Amounts payable for retirement benefits _3/	32,436	29,932
Workers' compensation claims	5,192	5,167
Employees' accumulated leave	2,007	2,124
Other	<u>1,200</u>	<u>986</u>
Total Other Liabilities	40,835	38,209
Capital Contributions of the US Government	3,034	3,034
Deficit Since Reorganization	<u>- 5,600</u>	<u>- 5,360</u>
Equity/Capital Deficiency	<u>- 2,566</u>	<u>- 2,326</u>
Total Liabilities and Equity	\$ 61,176	\$ 59,091

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data

CAPITAL INVESTMENTS
FY 2002
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	A/P 1 Year-to-Date			A/P 1 Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 2.4	\$ 4.5	\$ 8.3	\$ 58.7	\$ 62.1	\$ 47.3
BUILDING IMPROVEMENTS	5.6	5.7	15.4	16.1	21.4	37.6
MAIL PROCESSING EQUIPMENT	16.5	6.0	5.0	72.6	95.7	41.7
VEHICLES	0.5	0.2	0.5	23.4	12.8	9.5
RETAIL EQUIPMENT	5.2	5.0	9.1	11.1	7.5	16.1
POSTAL SUPPORT EQUIPMENT	3.6	2.5	4.5	13.8	18.8	18.4
TOTAL COMMITMENTS/CASH OUTLAYS *	\$ 33.9	\$ 23.9	\$ 42.9	\$ 195.7	\$ 218.2	\$ 170.6

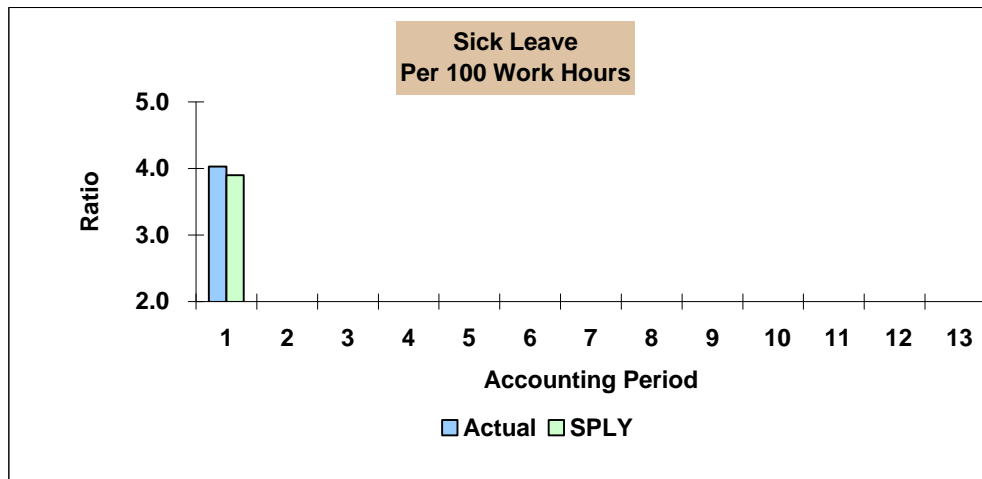
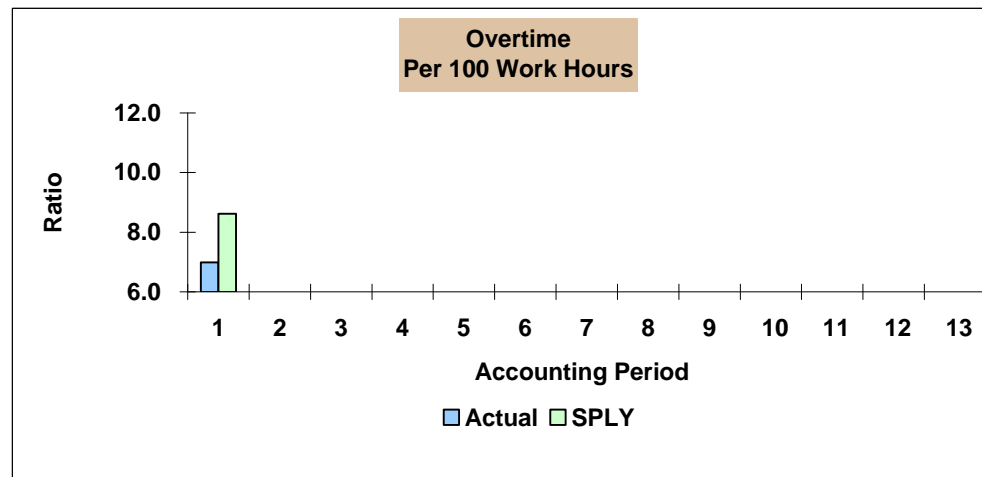
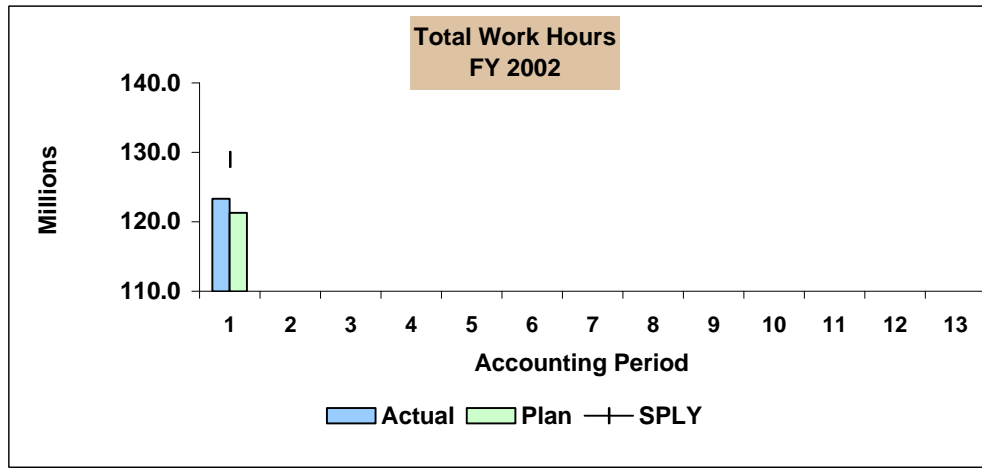
Note: Totals may not sum due to rounding.

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	October 5, 2001	September 30, 2001
CONSTRUCTION AND BUILDING PURCHASE	\$ 188.3	\$ 245.8
BUILDING IMPROVEMENTS	182.4	194.1
MAIL PROCESSING EQUIPMENT	1,059.1	1,115.2
VEHICLES	114.7	137.5
RETAIL EQUIPMENT	65.9	71.8
POSTAL SUPPORT EQUIPMENT	110.2	120.5
INVENTORIES	320.3	308.4
RESEARCH AND DEVELOPMENT	40.3	36.2
MISCELLANEOUS EXPENSE COMMITMENTS	3,627.2	3,359.1
TOTAL RESOURCES ON ORDER	\$ 5,708.4	\$ 5,588.7

Note: Totals may not sum due to rounding.

STATEMENT OF CASH FLOWS		
(\$ Millions)		
Fiscal Year 2002		
For the Fiscal Year through October 5, 2001		
Cash flows from operating activities:		
Net income/(loss) (Government Fiscal Year Basis)	\$	(240)
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:		
Depreciation and amortization		42
Increase/(decrease) in other liabilities		214
Increase/(decrease) in employees' accumulated leave		(117)
Increase/(decrease) in non-current workers' compensation claims		25
Increase/(decrease) in retirement, net		(179)
Changes in current assets and liabilities:		
Increase/(decrease) in accrued compensation and benefits		(422)
Increase/(decrease) in deferred revenue		(257)
Increase/(decrease) in payables and accrued expenses		1,761
(Increase)/decrease in receivables		40
(Increase)/decrease in supplies, advances and prepayments		5
Increase/(decrease) in outstanding postal money orders		(2)
Net cash provided by operating activities		870
Cash flows from investing activities:		
Sale/(purchase) of U.S. Government securities, net		0
Purchase of property and equipment, net		(219)
Net cash used in investing activities		(219)
Cash flows from financing activities:		
Increase/(decrease) in debt		(1,381)
(Increase)/decrease in other non-current assets		0
Net cash used by financing activities		(1,381)
Net (decrease)/increase in cash and cash equivalents		(730)
Cash and cash equivalents at beginning of period		999
Cash and cash equivalents at end of period	\$	269



WORK HOURS & OVERTIME/SICK LEAVE RATIOS
Accounting Period 1, FY 2002
(Data in Thousands)

<u>Total Work Hours</u>	Year-to-Date				
	Actual	Var. to Budget	% Budget	SPLY *	% SPLY
Operations:					
-Support	762	- 15	- 1.9	797	- 4.5
-Mail Processing	30,538	[99]	[0.3]	32,550	- 6.2
-Rural Delivery	13,675	- 11	- 0.1	13,597	0.6
-Other Delivery	37,752	[256]	[0.7]	39,171	- 3.6
-Vehicles Services	2,629	- 3	- 0.1	2,627	0.1
-Plant & Equip Maint	6,597	- 155	- 2.3	6,638	- 0.6
-Customer Services	19,625	[82]	[0.4]	20,992	- 6.5
Controller	633	- 75	- 10.6	747	- 15.2
Human Resources	736	- 24	- 3.2	771	- 4.5
Customer Service & Sales	1,058	- 66	- 5.9	1,116	- 5.2
Administration	5,341	[14]	[0.3]	5,478	- 2.5
Other	3,993	[1,945]	[95.0]	4,480	- 10.8
Total Work Hours	123,339	[2,047]	[1.7]	128,964	- 4.4

Overtime			
	Actual	Budget	SPLY
Overtime Ratio			
Per 100 Work Hours	7.0%	7.9%	8.6%

Sick Leave			
	Actual	Budget	SPLY
Sick Leave Ratio			
Per 100 Work Hours	4.0%	--	3.9%

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

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